

Item: 15

General Meeting of the Council: 6 July 2021.

Third Sector Emergency Funding for COVID-19 Response and Recovery.

Report by Chief Executive.

1. Purpose of Report

To consider a request from Voluntary Action Orkney on behalf of Orkney's Third Sector for emergency funding to support COVID-19 response and recovery.

2. Recommendations

The Council is invited to note:

2.1.

The significant upturn in demand across Orkney's Third Sector as a direct result of the COVID-19 pandemic, successive lockdowns and consequent socio-economic hardship.

2.2.

The significant downturn in the availability of resources to some of Orkney's key Third Sector agencies as a result of a nationwide increase in applications to their usual sources of funding due to similarly high levels of demand elsewhere.

2.3.

The urgency of the situation for the future viability of some of Orkney's key Third Sector agencies and for the vulnerable individuals and families for which they provide services.

2.4.

The specific and immediate asks from Third Sector agencies collated by Voluntary Action Orkney, attached as Appendix 1 to this report.

2.5.

That, on 28 June 2021, the Orkney Partnership Board acknowledged the urgent requirement to ensure continuity of Third Sector services and committed to seek resources to meet immediate need and make provision for further need arising during the remainder of the current year.

2.6.

The options proposed in respect of responding to the request for emergency funding, as detailed in section 5 of this report, with the preferred option being Option 2, namely the establishment of an emergency fund to be administered by Voluntary Action Orkney by Agreement with the Council.

It is recommended:

2.7.

That, in principle, the Council's Coronavirus Response Fund be utilised as a source of funding for the purpose of emergency support to Orkney's Third Sector to support COVID-19 response and recovery.

2.8.

That an allocation of up to £300,000, to be met from the Council's Coronavirus Response Fund, be made in respect of support to Orkney's Third Sector.

2.9.

That powers be delegated to the Chief Executive, to establish an Agreement with Voluntary Action Orkney to administer the fund, referred to at paragraph 2.8 above, and to develop criteria, to include a cap of £30,000 on the amount allocated in response to any single application, with an option for organisations to re-apply later in the current financial year depending on their circumstances at the time and the remaining funds available.

3. The impact of COVID-19 on Orkney's Third Sector

3.1.

From the beginning of the imposition of COVID-19 restrictions, Third Sector organisations across Orkney responded with speed and creativity to the needs of their service users and wider communities and have continued to do so by collaborating with others and utilising all the resources available to them. Orkney's Third Sector is highly experienced when it comes to lifeline support, meeting the prevention and early intervention needs of the most vulnerable and thereby promoting equalities and sustainability.

3.2.

During that period Third Sector organisations were able to access some funds to deal with emergency situations and to alleviate immediate needs, but these grants were short term, often for a period as little as three months. Larger organisations with premises were also able to access Small Business Support Grants in line with the private sector. More recently, the Council invited applications to the UK Community Renewal Fund but this fund is targeted at large short-term projects and does not address the longer-term resource needs of most local Third Sector organisations.

3.3.

Many Third Sector organisations have seen a significant spike in demand for services and have often played a “first-responder” role. This is particularly the case for those delivering welfare, support and mental health or social care services. Underlying issues include food insecurity, mental health, lack of money, fuel poverty, social isolation, employment and digital exclusion. Organisations forecast that these issues will become more pressing as the community emerges from current restrictions.

3.4.

Third Sector organisations are adept at managing fluctuating income streams. They adapt, downsize, upsize, establish new or revised services routinely as an accepted part of being a Third Sector organisation. Some of the smaller Third Sector agencies in Orkney, which do not employ staff, were unable to carry out their normal activities during lockdown periods and have suspended operations until circumstances permit them to reopen. It is the larger agencies which employ staff which are experiencing the most difficulty. COVID-19 has hugely exacerbated normal pressures on tight budgets and small staff and volunteer teams. Short-term emergency funds have been exhausted whilst the needs of the most vulnerable intensify and grow.

3.5.

There are significant issues with accessing funding from traditional sources, such as charitable trusts. Due to the high number of applications received, many funders have deferred decisions usually announced in March, therefore some organisations have had to put some or all of their staff on notice of redundancy. With increased competition for funds, funders are awarding less and for shorter periods. There is also a danger that staff will leave before a funding decision is known with the loss of valuable skills and experience at a time when they are most needed. These challenges threaten the continuity of vital local services to address and alleviate deep seated challenges for individuals within our community.

4. Specific requests from Third Sector agencies

4.1.

On 10 May 2021, Voluntary Action Orkney presented a report to the Orkney Partnership Board highlighting the financial difficulties which some of Orkney’s Third Sector agencies were facing as a direct result of the COVID-19 pandemic. The Board noted that the Third Sector had provided considerable support to service users and the community during the pandemic and recognised the need to support Third Sector agencies. It was agreed Voluntary Action Orkney would survey key agencies to quantify the emergency funding they required, and report back to the Board.

4.2.

On 28 June 2021, Voluntary Action Orkney reported to the Orkney Partnership Board on the survey it had conducted. The organisations targeted were those that delivered health and social care / wellbeing services, employed staff, were responding to increased demand and had indicated significant challenges in securing funding. The report included specific requests for emergency funding from eight agencies. Two of the services listed (Connect Project and Adult Befriending) were managed by Voluntary Action Orkney and therefore a declaration of interest was made.

4.3.

The sums requested are summarised in the table below. Appendix 1 gives further information about the cases made by the eight agencies making specific requests for emergency funding.

Organisation.	Funds requested.
Adult Befriending.	£15,000
Age Scotland Orkney.	£15,000
Connect Project.	£20,000
HomeStart Orkney.	£20,000
Relationships Scotland Orkney.	£6,000
Orkney Blide Trust.	£65,000
THAW Orkney.	£60,000
Women's Aid Orkney.	£98,066
Total.	£299,066

4.4.

The Orkney Partnership Board recognised that the list of specific requests was not exhaustive. Additional organisations not included in the survey and delivering different but important services and activities might also need support either now or later in the year.

4.5.

The Orkney Partnership Board noted the specific requests and acknowledged the need for emergency funding to ensure continuity of Third Sector services. Partners other than the Council were unable to assist in providing financial assistance to meet immediate need, but all undertook to seek resources where they could to support the Third Sector during the remainder of the current year.

4.6.

The Orkney Partnership Board further noted the imperative for any distribution of funds to Third Sector organisations to be transparent, fair and accountable, with proper scrutiny of applications, decision-making, implementation and monitoring against agreed criteria.

5. Options

5.1.

In view of the urgency of the situation, two options are presented for Members to consider:

5.1.1.

Option 1 – all the immediate requests detailed in Appendix 1 to this report, totalling £299,000, be paid, with a further allocation of up to £100,000 for applications from Third Sector bodies received during the remainder of the current financial year to 31 March 2022, and an Agreement be established with Voluntary Action Orkney to administer the fund and develop criteria to include a requirement that a recipient organisation which subsequently succeeded in securing funds from other sources would repay the equivalent sum to back the fund.

5.1.2.

Option 2 – make an initial allocation of up to £300,000 to Orkney's Third Sector and establish an Agreement with Voluntary Action Orkney to administer the fund and develop criteria, to include a cap of £30,000 on the amount allocated in response to any single application, with an option for organisations to re-apply later in the current financial year depending on their circumstances at the time and the remaining funds available.

5.2.

Of the options outlined above, both would avert immediate crisis in Orkney's Third Sector and make provision for additional need arising during the remainder of the financial year.

5.2.1.

Option 1 is not recommended by officers as it may be difficult for the Council to demonstrate best value. Furthermore, the recovery of funds in the event of over-provision might present problems.

5.2.2.

Option 2 makes contingency provision for those organisations requesting more than £30,000 which prove unable to bridge the gap from other sources, building in a safety net on both sides. Option 2 is therefore the preferred option.

5.3.

Whichever option is implemented, the Agreement to be established with Voluntary Action Orkney would specify criteria for the fund to ensure proper scrutiny, best value and fairness across the sector. Voluntary Action Orkney's usual management fee for the administration of funds is in the order of 10-15% but, in order to maximise the funds available to Third Sector organisations, they have offered to manage the fund for a reduced fee of 5% which would cover additional hours to be worked by existing members of staff.

6. Corporate Governance

This report relates to the Council complying with governance as well as its response to the socio-economic challenges arising from the COVID-19 pandemic. Efforts to support Orkney's Third Sector through the pandemic are considered in line with the Council Plan priorities.

7. Financial Implications

7.1.

On 16 April 2020, the Council established a Coronavirus Response Fund, with an opening balance of £5,000,000.

7.2.

As at 29 June 2021, a total of £3,357,668 has either been paid or committed from the Coronavirus Response Fund, leaving a balance of £1,642,332.

7.3.

The financial implications of the recommendations contained in this report depend on the option chosen by the Council, with maximum commitments of:

- Option 1 – £399,066.
- Option 2 – £300,000.

7.4.

Option 2 would incur a cost of up to £166,000 if the eight organisations listed in the table at section 4.3 received the full amount of their request, or a capped amount of £30,000. If criteria are developed and applied it is quite likely that a lower maximum amount would be awarded to these organisations.

7.5.

Option 1 would not be recommended as it may be difficult for the Council to demonstrate that this represented good value or how the money expended was delivering the objectives of supporting Third Sector COVID-19 response and recovery.

7.6.

The management fee for Voluntary Action Orkney to administer a fund of £300,000 is £15,000.

8. Legal Aspects

8.1.

Section 95 of the Local Government (Scotland) Act 1973, as amended, obliges the Council to make arrangements for the proper administration of its financial affairs.

8.2.

In terms of Section 20 of the Local Government in Scotland Act 2003, the Council has power to do anything which it considers is likely to promote or improve the wellbeing of its area and persons within it, or either of these. This includes power to give financial assistance.

8.3.

Each of the options set out in section 5 above envisages an Agreement being entered into between the Council and Voluntary Action Orkney. This would be a legally-binding Agreement in appropriate terms, to help satisfy the Council's duties with regard to accountability and Following the Public Pound.

9. Contact Officers

John W Mundell, Interim Chief Executive, extension 2101, Email john.mundell@orkney.gov.uk.

Karen Greaves, Head of Executive Support, extension 2202, Email karen.greaves@orkney.gov.uk.

Anna Whelan, Strategy Manager, extension 2160, Email anna.whelan@orkney.gov.uk.

10. Appendix

Appendix 1: Specific Emergency Funding Requests.

Specific Emergency Funding Requests

Organisation.	Current challenges.	Funding requests.
Adult Befriending.	Demand has increased due to the impact on vulnerable individuals of the social isolation of COVID-19 restrictions. ABS has secured two years part funding from the Community Fund but that has left a shortfall of £30,000. They have secured an additional £15,000 but all other funding applications have been unsuccessful leaving a final shortfall of £15,000. This has prevented recruitment of the staff needed to respond to need, deliver planned activities and establish new services in response to need.	£15,000
Age Scotland Orkney.	Emerging from lockdown, Age Scotland Orkney has seen a sharp increase in the number of referrals specifically for their Hub and dementia carers group meetings. Pre COVID-19, their drop-in Hub sessions would take place once a week and the carers group once a month. With the waiting list they currently have, it is anticipated that they will need to increase frequency of The Hub activities to every day, for shorter periods of time with smaller groups, and have twice weekly carers groups meetings. This has generated a need for another member of staff, without which Age Scotland Orkney will be unable to meet demand.	£15,000
Connect Project.	As a result of the impact of COVID-19 on vulnerable young people, demand continues to grow with a higher percentage of the young people accessing the service presenting with mental health issues, impact of poverty etc. Connect has been unable to secure the amount of funding it needs to deliver a full programme to vulnerable young people in need of support to move on in their lives. As a result, two staff vacancies have not been able to be advertised and there is only enough funding to continue to offer support with the remaining 1.6 FTE staff until the end of September.	£20,000

Organisation.	Current challenges.	Funding requests.
HomeStart Orkney.	Grant giving bodies and trusts have warned Homestart Orkney that, due to an increase in applications and shortfall in donations (in some instances) funding will become increasingly difficult to obtain. Homestart Orkney will have enough funding to see them through this financial year but will require ongoing funding to ensure security and continuity beyond 31 March 2022, otherwise they will have to initiate redundancy warnings in January 2022.	£20,000
Relationships Scotland Orkney.	Apart from one 3-year grant, RSO's funding is awarded annually which means that most current funding runs to end March 2022 and they have no secured funding after that. This makes it difficult to plan and develop new services in response to local needs. There is a high demand for counselling services, which RSO struggle to meet within current resources, and which they anticipate will grow as we emerge from the COVID-19 pandemic. RSO currently have 55 people waiting for long-term counselling, to whom they are offering support and short-term therapy in the meantime. Service provision is constrained both by the availability of suitably qualified staff and of funding. RSO are investing in staff training and development, as current resources allow, but there is a need to grow the number of qualified therapists working with both adults and children/young people in Orkney.	£6,000
Orkney Blide Trust.	Orkney Blide Trust's current budget for this year predicts a deficit of £65,000 if they do not receive any additional funding from applications to charitable trusts. So far three applications this year have been unsuccessful but there are still some to be submitted. The Trust receives funding from the NHS and OIC as part of a Service Level Agreement, but this funding does not cover the total cost of the services they provide under the SLA. The additional 'Therapeutic Blide' part of their service (not covered by the SLA) relies completely on additional funding from charitable trusts.	£65,000

Organisation.	Current challenges.	Funding requests.
	<p>The Trust had a relatively successful outside catering service which helped to pay for the costs of the cooks who made food for their members, however COVID-19 meant that they were no longer able to operate that part of their catering service. The Trust hopes to regain some of their previous customers but with people still working from home and most events cancelled this is unlikely to bring in the pre-COVID-19 income that it used to do for at least another year.</p>	
THAW Orkney.	<p>In the financial year 2019-20 THAW issued just over £6k worth of fuel vouchers. During 2020-21 THAW took on 516 new clients as a result of the impact of COVID-19, along with 545 repeat beneficiaries. Between 1st April 2020 and 31st March 2021, they made 778 emergency energy awards totalling £57k, and in total secured £344k of financial gains for clients. Since 1 April 2021 staff have been reduced by two due to shortfalls in funding, despite the need remaining high. Assuming British Gas Energy Trust (their main funder) can confirm funding for the remaining 9 months, THAW would need an additional £60,000 to return the team to full strength and meet existing demand. If BGET is unable to confirm funding after 30 June 2021, THAW would need £115,000 or would have to close until such time as replacement funding could be obtained.</p>	£60,000
Women's Aid Orkney.	<p>WAO report increase in demand for all aspects of the service, exacerbated by COVID-19. Referrals to the service increased last year by 5% with a total of 144 referrals and 204 women and children supported over 2020-21. All posts except the service manager and administration officer are subject to external funding such as Scottish government and the CORRA Foundation. WAO have come to the end of their CORRA three-year funding and have had to look for other sources to sustain their current staffing levels. The outcome of these bids will not be known until the end of June 2021, but they expect a shortfall in the monies they are granted. This means that WAO could potentially</p>	£98,066

Organisation.	Current challenges.	Funding requests.
	lose 3 or more members of staff which would have a huge impact on the service. WAO would have to introduce waiting lists and limit the time available to support survivors.	
Total.		£299,066